

Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 03997 01 OF 06 151457Z

ACTION EB-08

INFO OCT-01 IO-13 ISO-00 OIC-02 AF-10 ARA-10 EA-10
EUR-12 NEA-10 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 USIE-00 INRE-00 STRE-00 AGRE-00 CEA-01
COME-00 FRB-03 H-01 INR-10 L-03 LAB-04 PA-01
CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00 SP-02
OMB-01 /130 W

-----119693 151550Z /41

O 151429Z MAR 78

FM USMISSION GENEVA

TO SECSTATE WASHDC NIACT IMMEDIATE 7212

LIMITED OFFICIAL USE SECTION 01 OF 06 GENEVA 03997

PASS ELECTRONICALLY AGRICULTURE FOR HATHAWAY AND STR
FOR STARKEY

E.O. 11652: N/A

TAGS: ETRD EAGR OCON

SUBJECT: WHEAT CONFERENCE - NEW CANADIAN DRAFT

1. FOLLOWING IS TEXT OF PAPER WHICH CANADIAN DELEGATION
PLANS (TENTATIVELY) TO TABLE THURSDAY, MARCH 16, 1978:

2. BEGIN TEXT: WHEAT TRADE CONVENTION 1978

PART I - OBJECTIVES AND DEFINITIONS

OBJECTIVES

THE OBJECTIVES OF THIS CONVENTION ARE:

(A) TO ASSURE SUPPLIES OF WHEAT AND WHEAT FLOUR TO IMPORT-
ING MEMBERS AND MARKETS FOR WHEAT AND WHEAT FLOUR TO
EXPORTING MEMBERS;

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 03997 01 OF 06 151457Z

(B) TO CONTRIBUTE TO THE STABILITY OF THE INTERNATIONAL
WHEAT MARKET IN THE INTEREST OF BOTH IMPORTING AND
EXPORTING MEMBERS;

(C) TO CONTRIBUTE TO WORLD FOOD SECURITY, ESPECIALLY
SAFEGUARDING THE INTERESTS OF DEVELOPING COUNTRIES;

(D) TO PROMOTE THE EXPANSION OF INTERNATIONAL TRADE IN WHEAT; AND

(E) TO ENCOURAGE GREATER INTERNATIONAL COOPERATION IN ALL ASPECTS OF THE TRADE IN WHEAT.

PART II ECONOMIC PROVISIONS

GENERAL

THE IMPLEMENTATION OF THE OBJECTIVES SET OUT IN ARTICLE 1 SHALL BE SOUGHT BY THE ESTABLISHMENT OF AN INTERNATIONAL STOCK POLICY RESULTING IN THE COORDINATED MANAGEMENT OF NATIONAL RESERVE STOCKS, AND IN THE EVENT OF EXTREME MARKET SITUATIONS BY ADDITIONAL MEASURES FOR MAINTAINING THE DESIRABLE BALANCE BETWEEN SUPPLY AND DEMAND.

RESERVE STOCK OBLIGATIONS

(1) MEMBERS OF THIS CONVENTION AGREE TO ESTABLISH, AT THE NATIONAL LEVEL, RESERVE STOCKS OF WHEAT SUITABLE FOR HUMAN CONSUMPTION, TO BE ACCUMULATED, HELD AND RELEASED IN ACCORDANCE WITH THE PROVISIONS OF THIS CONVENTION.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 03997 01 OF 06 151457Z

(2) THE COLLECTIVE RESERVE STOCK OBJECTIVE SHALL BE 30 MILLION TONS OF WHEAT. THE CONTRIBUTION OF EACH MEMBER TO THE COLLECTIVE RESERVE STOCK, WHICH TAKES ACCOUNT OF SUCH FACTORS AS THE LEVEL OF TRADE IN WHEAT AND FLOUR, CONSUMPTION, VARIABILITY IN PRODUCTION, AND GROSS NATIONAL PRODUCT, IS AS FOLLOWS:

MEMBER	METRIC TONS
--------	-------------

(3) EACH MEMBER SHALL, WITHIN THE FRAMEWORK OF ITS OWN MARKETING SYSTEM, UNDERTAKE POLICIES FOR THE EFFECTIVE FULFILLMENT OF ITS RESERVE STOCK OBLIGATIONS AT THE NATIONAL AND INTERNATIONAL LEVELS.

(4) RESERVE STOCKS HELD BY EACH MEMBER SHALL BE ADDITIONAL TO ITS MINIMUM WORKING STOCKS.

PRICE INDICATOR AND COMPUTATION OF PRICE INDICATORS

(1) THE ECONOMIC PROVISIONS OF THIS CONVENTION SHALL BE ACTIVATED BY THE MOVEMENT OF A PRICE INDICATOR IN RELATION TO AN AGREED SCALE WITH GRADUATED ACTION POINTS.

(2) THE PRICE INDICATOR FOR ANY MARKET DAY SHALL BE THE
AVERAGE OF THE PRICE QUOTATIONS ON THAT DAY FOR THE
FOLLOWING WHEATS:

ORIGIN	TYPE	POSITION
AUSTRALIA	AUSTRALIAN STANDARD	FOB EASTERN PORTS
-	WHITE	
CANADA	NO. 1 CANADA WESTERN	FOB ST. LAWRENCE
--	RED SPRING 13.5	
CANADA	NO. 1 CANADA WESTERN	FOB VANCOUVER
-	RED SPRING 13.5	
UNITED STATES	NO. 2 DARK NORTHERN	FOB ST. LAWRENCE
-	SPRING 14.0	
LIMITED OFFICIAL USE		

LIMITED OFFICIAL USE

PAGE 04 GENEVA 03997 01 OF 06 151457Z

UNITED STATES NO. 2 HARD RED WINTER FOB GULF

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 GENEVA 03997 02 OF 06 151505Z

ACTION EB-08

INFO OCT-01 IO-13 ISO-00 OIC-02 AF-10 ARA-10 EA-10
EUR-12 NEA-10 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 USIE-00 INRE-00 AGRE-00 CEA-01 COME-00
FRB-03 H-01 INR-10 L-03 LAB-04 PA-01 CTME-00
AID-05 SS-15 STR-07 ITC-01 TRSE-00 SP-02 OMB-01
STRE-00 /130 W

-----119765 151550Z /41

O 151429Z MAR 78

FM USMISSION GENEVA

TO SECSTATE WASHDC NIACT IMMEDIATE 7213

LIMITED OFFICIAL USE SECTION 02 OF 06 GENEVA 03997

PASS ELECTRONICALLY AGRICULTURE FOR HATHAWAY AND STR

FOR STARKEY

- (ORDINARY)

UNITED STATES NO. 2 SOFT RED WINTER FOB GULF
UNITED STATES NO. 2 WESTERN WHITE FOB PACIFIC

(3) THE PRICE USED IN CALCULATING THE PRICE INDICATOR SHALL
BE EXPRESSED IN UNITED STATES DOLLARS PER TON.

(4) THE EXECUTIVE SECRETARY SHALL COMPUTE THE PRICE
INDICATOR REFERRED TO IN PARAGRAPH (2) OF THIS ARTICLE
ON A WEEKLY BASIS, OR AT MORE FREQUENT INTERVALS IF THE
SITUATION SO REQUIRES.

(5) THE EXECUTIVE SECRETARY SHALL PUBLISH THE PRICE
INDICATOR FOR EACH WEEK, OR DAY, AS APPROPRIATE, ON THE
MARKET DAY FOLLOWING THE MARKET DAY TO WHICH THE PRICE
INDICATOR REFERS, OR AS SOON AS POSSIBLE THEREAFTER.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 03997 02 OF 06 151505Z

(6) THE COUNCIL SHALL PRESCRIBE RULES OF PROCEDURE TO EN-
SURE THE TIMELY AND ACCURATE REPORTING BY MEMBERS OF
THE PRICE INFORMATION REQUIRED FOR THE COMPUTATION OF THE
PRICE INDICATOR.

INDICATOR SCALE FOR COOPERATIVE ACTION

(1) ACTION POINTS BASED UPON A PRICE INDICATOR
SCALE SHALL BE AS FOLLOWS. A HIGH PRICE ACTION POINT
SHALL BE ESTABLISHED AT A LEVEL WHICH PROTECTS CONSUMERS
IN A SITUATION OF REDUCED SUPPLY. A LOW PRICE ACTION
POINT SHALL BE ESTABLISHED AT A LEVEL WHICH PROTECTS THE
COST OF PRODUCTION FOR EFFICIENT PRODUCING COUNTRIES.
BEFORE THE INDICATOR PRICE REACHES EITHER OF THESE POINTS,
EARLY WARNING POINTS SHALL BE ESTABLISHED TO PERMIT
CONSULTATIONS BY MEMBER COUNTRIES. IN A SITUATION WHERE
THE ACTIONS TAKEN AT THE HIGH PRICE ACTION POINT OR LOW
PRICE ACTION POINT HAD, OVER SUSTAINED PERIOD, BEEN UNABLE
TO STABILIZE THE MARKET, ADDITIONAL CONSULTATIONS WOULD
BE PROVIDED TO RECOMMEND SUPPLEMENTARY MEASURES WHICH MIGHT
BE TAKEN TO REESTABLISH A BALANCE BETWEEN AVAILABLE
SUPPLIES AND DEMAND, AND TO RESTORE PRICES TO A LEVEL
WITHIN THE HIGH AND LOW ACTION POINTS. THE SPECIFIC
ACTION POINTS WOULD BE ESTABLISHED AS OUTLINED BELOW:

- LEVEL OF PRICE
- INDICATOR

(A) RISING PRICES

EARLY WARNING POINT	\$(US) PER M.T.
HIGH PRICE ACTION POINT	\$(US) PER M.T.
SUPPLEMENTARY MEASURES	FOOTNOTE 1

(B) FALLING PRICES
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 03997 02 OF 06 151505Z

EARLY WARNING POINT	\$(US) PER M.T.
LOW PRICE ACTION POINT	\$(US) PER M.T.
SUPPLEMENTARY MEASURES	FOOTNOTE 1

(2) IF CHANGING MARKET CONDITIONS MAKE IT DESIRABLE TO DO SO IN ORDER TO PROMOTE THE OBJECTIVES OF THIS CONVENTION, THE COUNCIL MAY DECIDE, BY A TWO-THIRDS MAJORITY OF THE VOTES CAST BY EXPORTING MEMBERS AND A TWO-THIRDS MAJORITY OF THE VOTES CAST BY IMPORTING MEMBERS, TO MODIFY:

(I) THE COMPOSITION OF THE PRICE INDICATOR;
(II) THE POSITION OF THE GRADUATED ACTION POINTS ON THE INDICATOR SCALE.

ACTIONS RELATING TO RISING PRICES

CONSULTATIONS AT FIRST RISING PRICE POINT

(1) WHENEVER THE PRICE INDICATOR HAS BEEN AT OR ABOVE THE FIRST RISING PRICE ACTION POINT FOR 10 CONSECUTIVE MARKET DAYS, THE EXECUTIVE SECRETARY SHALL IMMEDIATELY CONVENE

FOOTNOTE 1: TO BE TAKEN WHENEVER A HIGH OR LOW PRICE ACTION POINT SITUATION HAS PERSISTED FOR THREE CONSECUTIVE MONTHS AND AT THE DIRECTION OF THE MARKET REVIEW COMMITTEE.

A MEETING OF THE MARKET REVIEW COMMITTEE AND CONCURRENTLY NOTIFY ALL MEMBERS OF THE COUNCIL.

(2) THE MARKET REVIEW COMMITTEE FOOTNOTE 2 SHALL REVIEW THE CURRENT AND PROSPECTIVE MARKET SITUATION, INCLUDING PRICE TRENDS, SUPPLY AND DEMAND, AND THE IMPACT OF NON-MEMBERS ON THE MARKET. IN PARTICULAR IT SHALL DECIDE WHETHER, IF THE PRICE INDICATOR CONTINUED TO RISE, THERE WOULD BE ANY SPECIAL FACTORS WHICH WOULD JUSTIFY ITS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 GENEVA 03997 02 OF 06 151505Z

INSTRUCTING THE EXECUTIVE SECRETARY TO POSTPONE FOR AN AGREED PERIOD A HIGH PRICE DECLARATION.

(3) ALL MEMBERS OF THE COUNCIL SHALL BE INFORMED AS SOON

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 GENEVA 03997 03 OF 06 151513Z
ACTION EB-08

INFO OCT-01 IO-13 ISO-00 OIC-02 AF-10 ARA-10 EA-10
EUR-12 NEA-10 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 USIE-00 INRE-00 AGRE-00 CEA-01 COME-00
FRB-03 H-01 INR-10 L-03 LAB-04 PA-01 CTME-00
AID-05 SS-15 STR-07 ITC-01 TRSE-00 SP-02 OMB-01
STRE-00 /130 W

-----119888 151551Z /41

O 151429Z MAR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC NIACT IMMEDIATE 7214

LIMITED OFFICIAL USE SECTION 03 OF 06 GENEVA 03997

AS POSSIBLE OF THE RECOMMENDATIONS AND DECISIONS OF THE
MARKET REVIEW COMMITTEE. ANY DECISION TAKEN BY THE MARKET
REVIEW COMMITTEE SHALL BE SUBJECT TO REVIEW BY THE
COUNCIL AT THE REQUEST OF AT LEAST 10 PER CENT OF THE
VOTES OF EITHER EXPORTING OR IMPORTING MEMBERS MADE WITHIN
A PERIOD WHICH THE COUNCIL SHALL PRESCRIBE. ANY DECISION
IN RESPECT OF WHICH NO REQUEST FOR REVIEW HAS BEEN MADE
WITHIN THE PRESCRIBED PERIOD SHALL BE BINDING ON ALL
MEMBERS. ANY DECISION IN RESPECT OF WHICH SUCH A REQUEST
HAS BEEN MADE SHALL NEVERTHELESS BE BINDING UNLESS THE
COUNCIL SHOULD REVERSE IT.

HIGH PRICE DECLARATION AND RELATED ACTIONS

(1) WHENEVER THE PRICE INDICATOR HAS BEEN AT OR ABOVE
THE SECOND RISING PRICE ACTION POINT FOR 10 CONSECUTIVE
MARKET DAYS, THE EXECUTIVE SECRETARY SHALL MAKE A DECLARA-
TION, REFERRED TO IN THIS CONVENTION AS A HIGH PRICE
DECLARATION, AND SHALL IMMEDIATELY NOTIFY ALL MEMBERS OF
THE COUNCIL TO THAT EFFECT SUBJECT TO ANY DECISION BY THE
MARKET REVIEW COMMITTEE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 03997 03 OF 06 151513Z

(2) (A) AS SOON AS A HIGH PRICE DECLARATION IS MADE, MEMBERS SHALL MAKE ARRANGEMENTS TO RELEASE THEIR RESERVE STOCKS. THE RELEASE SHALL TAKE PLACE IN STAGES, EACH MEMBER RELEASING AT EACH STAGE 10 PER CENT OF ITS EXISTING RESERVE STOCKS. THE FIRST STAGE OF THE RELEASE SHALL BE COMPLETED WITHIN ONE MONTH OF THE DATE OF A HIGH

FOOTNOTE 2: THE MARKET REVIEW COMMITTEE SHALL CONSIST OF POLICY-LEVEL REPRESENTATIVES OF SELECTED IMPORTER AND EXPORTER MEMBERS.

PRICE DECLARATION HAVING BEEN MADE, AND FURTHER STAGES OF THE RELEASE SHALL TAKE PLACE AT MONTHLY INTERVALS THEREAFTER. THE RELEASE SHALL CONTINUE UNTIL EITHER THE RESERVE STOCKS OF EACH MEMBER HAVE BEEN COMPLETELY DISPOSED OF, OR THE HIGH PRICE DECLARATION, HAS BEEN TERMINATED.

(B) AS SOON AS THE HIGH PRICE DECLARATION IS MADE, THE EXECUTIVE SECRETARY SHALL IMMEDIATELY CONVENE A MEETING OF THE MARKET REVIEW COMMITTEE. THE MARKET REVIEW COMMITTEE SHALL REVIEW THE CURRENT AND PROSPECTIVE MARKET SITUATION AND CONSIDER, IN PARTICULAR, WHETHER THE RATE OF RELEASE IS SUFFICIENT TO PREVENT SUBSTANTIAL PRICE INCREASES. THE MARKET REVIEW COMMITTEE MAY AGREE TO MEET AGAIN AS REQUIRED TO REVIEW THE SITUATION AND THE MANNER IN WHICH MEMBERS ARE FULFILLING THEIR OBLIGATIONS.

(C) THE MARKET REVIEW COMMITTEE SHALL DECIDE ON AN ALTERNATIVE RELEASE PROGRAMME IF SUCH A PROGRAMME PROVIDES A GREATER ASSURANCE OF MARKET STABILITY. IN THE EVENT THAT THE MARKET REVIEW COMMITTEE IS UNABLE TO AGREE ON AN ALTERNATIVE PROGRAMME, THE RELEASE OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 03997 03 OF 06 151513Z

RESERVE STOCKS SHALL PROCEED AS PROVIDED FOR IN SUB-PARAGRAPH (A).

(D) ALL MEMBERS OF THE COUNCIL SHALL BE INFORMED AS SOON AS POSSIBLE OF THE DECISIONS AND RECOMMENDATIONS OF THE MARKET REVIEW COMMITTEE.

(E) ANY DECISION REACHED BY THE MARKET REVIEW COMMITTEE IN ACCORDANCE WITH THIS PARAGRAPH SHALL BE SUBJECT TO REVIEW BY THE COUNCIL AT THE REQUEST OF AT LEAST 10 PER CENT OF THE VOTES OF EITHER EXPORTING OR IMPORTING MEMBER MADE WITHIN A PERIOD WHICH THE COUNCIL SHALL PRESCRIBE. ANY DECISION IN RESPECT OF WHICH NO REQUEST FOR REVIEW HAS BEEN MADE WITHIN THE PRESCRIBED PERIOD SHALL BE BINDING ON ALL MEMBERS. ANY DECISION IN RESPECT OF WHICH

SUCH A REQUEST HAS BEEN MADE SHALL NEVERTHELESS BE BIND-
ING UNLESS THE COUNCIL SHOULD REVERSE IT.

(3) RESERVE STOCKS SHALL BE RELEASED THROUGH NORMAL
COMMERCIAL CHANNELS FOR THE BENEFIT OF MEMBERS
OF THIS CONVENTION.

(4) WHENEVER THE PRICE INDICATOR FALLS BELOW THE SECOND
RISING PRICE ACTION POINT FOR 10 CONSECUTIVE MARKET
DAYS AFTER THE HIGH PRICE DECLARATION HAS BEEN MADE, THE
EXECUTIVE SECRETARY SHALL TERMINATE THAT DECLARATION AND
SHALL IMMEDIATELY NOTIFY ALL MEMBERS OF THE COUNCIL TO
THAT EFFECT.

(5) WHENEVER THE HIGH PRICE DECLARATION HAS BEEN IN EFFECT
FOR THREE MONTHS THE MARKET REVIEW COMMITTEE SHALL MEET
TO CONSIDER AND DECIDE ON ADDITIONAL MEASURES THAT MIGHT
BE TAKEN BY MEMBER COUNTRIES TO RELIEVE THE HIGH
PRICE SITUATION. THESE MEASURES SHOULD INCLUDE THE
EXPANSION OF PRODUCTION, RELEASE OF STOCKS OTHER THAN
RESERVES, AND/OR DECREASE IN WHEAT FEEDING.
IN ADDITION MEMBER EXPORTERS SHALL REFRAIN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 GENEVA 03997 03 OF 06 151513Z

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 GENEVA 03997 04 OF 06 151525Z
ACTION EB-08

INFO OCT-01 IO-13 ISO-00 OIC-02 AF-10 ARA-10 EA-10
EUR-12 NEA-10 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 USIE-00 INRE-00 AGRE-00 CEA-01 COME-00
FRB-03 H-01 INR-10 L-03 LAB-04 PA-01 CTME-00
AID-05 SS-15 STR-07 ITC-01 TRSE-00 SP-02 OMB-01
STRE-00 /130 W

-----120092 151553Z /40

O 151429Z MAR 78

FM USMISSION GENEVA

TO SECSTATE WASHDC NIACT IMMEDIATE 7215

LIMITED OFFICIAL USE SECTION 04 OF 06 GENEVA 03997

PASS ELECTRONICALLY AGRICULTURE FOR HATHAWAY AND STR

FOR STARKEY

FROM ANY QUANTITATIVE MEASURES, DIFFERENTIAL PRICING MEASURES OR OTHER MEASURES WHICH RESTRICT THE EXPORT OF WHEAT TO OTHER MEMBERS EXCEPT IN CASES OF NATIONAL EMERGENCIES. ANY DECISION REACHED BY THE MARKET REVIEW COMMITTEE IN ACCORDANCE WITH THIS PARAGRAPH SHALL BE SUBJECT TO REVIEW BY THE COUNCIL AT THE REQUEST OF AT LEAST 10 PER CENT OF THE VOTES OF EITHER EXPORTING OR IMPORTING MEMBERS MADE WITHIN A PERIOD WHICH THE COUNCIL SHALL PRESCRIBE. ANY DECISION IN RESPECT OF WHICH NO REQUEST FOR REVIEW HAS BEEN MADE WITHIN THE PRESCRIBED PERIOD SHALL BE BINDING ON ALL MEMBERS. ANY DECISION IN RESPECT OF WHICH SUCH A REQUEST HAS BEEN MADE SHALL NEVERTHELESS BE BINDING UNLESS THE COUNCIL SHOULD REVERSE IT.

ACTIONS RELATING TO FALLING PRICES

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 03997 04 OF 06 151525Z

CONSULTATIONS AT FIRST FALLING PRICE POINT

(1) WHENEVER THE PRICE INDICATOR HAS BEEN AT OR BELOW THE FIRST FALLING PRICE ACTION POINT FOR 10 CONSECUTIVE MARKET DAYS, THE EXECUTIVE SECRETARY SHALL IMMEDIATELY CONVENE A MEETING OF THE MARKET REVIEW COMMITTEE AND CONCURRENTLY NOTIFY ALL MEMBERS OF THE COUNCIL.

(2) THE MARKET REVIEW COMMITTEE SHALL REVIEW THE CURRENT AND PROSPECTIVE MARKET SITUATION, INCLUDING PRICE TRENDS, SUPPLY AND DEMAND, THE IMPACT OF NON-MEMBERS ON THE MARKET. IN PARTICULAR IT SHALL DECIDE WHETHER, IF THE PRICE INDICATOR CONTINUES TO FALL, THERE WOULD BE ANY SPECIAL FACTORS WHICH WOULD JUSTIFY ITS INSTRUCTING THE EXECUTIVE SECRETARY TO POSTPONE FOR AN AGREED PERIOD A LOW PRICE DECLARATION.

(3) ALL MEMBERS OF THE COUNCIL SHALL BE INFORMED AS SOON AS POSSIBLE OF THE RECOMMENDATIONS AND DECISIONS OF THE MARKET REVIEW COMMITTEE. ANY DECISION REACHED BY THE MARKET REVIEW COMMITTEE IN ACCORDANCE WITH THIS PARAGRAPH SHALL BE SUBJECT TO REVIEW BY THE COUNCIL AT THE REQUEST OF AT LEAST 10 PER CENT OF THE VOTES OF EITHER EXPORTING OR IMPORTING MEMBERS MADE WITHIN A PERIOD WHICH THE COUNCIL SHALL PRESCRIBE. ANY DECISION IN RESPECT OF WHICH NO REQUEST FOR REVIEW HAS BEEN MADE WITHIN THE PRESCRIBED

PERIOD SHALL BE BINDING ON ALL MEMBERS. ANY DECISION IN RESPECT OF WHICH SUCH A REQUEST HAS BEEN MADE SHALL NEVERTHELESS BE BINDING UNLESS THE COUNCIL SHOULD REVERSE IT.

LOW PRICE DECLARATION AND RELATED ACTIONS#

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 03997 04 OF 06 151525Z

(1) WHENEVER THE PRICE INDICATOR HAS BEEN AT OR BELOW THE SECOND FALLING PRICE ACTION POINT FOR 10 CONSECUTIVE MARKET DAYS, THE EXECUTIVE SECRETARY SHALL MAKE A DECLARATION, REFERRED TO IN THIS CONVENTION AS A LOW PRICE DECLARATION, AND SHALL IMMEDIATELY NOTIFY ALL MEMBERS OF THE COUNCIL TO THAT EFFECT.

(2) (A) AS SOON AS A LOW PRICE DECLARATION IS MADE, MEMBERS SHALL MAKE ARRANGEMENTS TO ACCUMULATE RESERVE STOCKS. THE ACCUMULATION SHALL TAKE PLACE IN STAGES, EACH MEMBER ACCUMULATING ITS RESERVE STOCKS AT EACH STAGE BY 10 PER CENT OF ITS CONTRIBUTION SUBJECT TO ANY QUANTITY THAT IT MAY HAVE ALREADY ACCUMULATED. THE FIRST STAGE OF THE ACCUMULATION SHALL BE COMPLETED WITHIN ONE MONTH OF THE DATE OF A LOW PRICE DECLARATION HAVING BEEN MADE, AND FURTHER STAGES OF THE ACCUMULATION SHALL CONTINUE UNTIL EITHER THE RESERVE STOCK OF EACH MEMBER HAS BEEN REACHED OR THE LOW PRICE DECLARATION, HAS BEEN TERMINATED. #THERE MAY BE A NEED FOR A FOOTNOTE TO PROVIDE RELIEF FROM STOCK-HOLDING IN PARTICULAR CIRCUMSTANCES FOR MEMBERS WITH SIGNIFICANT CROP SHORTFALLS.

(B) AS SOON AS A LOW PRICE DECLARATION IS MADE, THE EXECUTIVE SECRETARY SHALL IMMEDIATELY CONVENE A MEETING OF THE MARKET REVIEW COMMITTEE. THE MARKET REVIEW COMMITTEE SHALL REVIEW THE CURRENT AND PROSPECTIVE MARKET SITUATION AND CONSIDER, IN PARTICULAR, WHETHER THE RATE OF ACCUMULATION SPECIFIED IS SUFFICIENT TO PREVENT FURTHER SUBSTANTIAL PRICE DECREASES. THE MARKET REVIEW COMMITTEE MAY AGREE TO MEET AGAIN AS REQUIRED TO REVIEW THE SITUATION AND THE MANNER IN WHICH MEMBERS ARE FULFILLING THEIR OBLIGATIONS.

(C) THE MARKET REVIEW COMMITTEE SHALL DECIDE ON AN ALTERNATIVE ACCUMULATION PROGRAMME IF SUCH A PROGRAMME PROVIDES A GREAT ASSURANCE OF MARKET STABILITY. IN THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 GENEVA 03997 04 OF 06 151525Z

EVENT THAT THE MARKET REVIEW COMMITTEE IS UNABLE TO AGREE
ON SUCH AN ALTERNATIVE PROGRAMME, THE ACCUMULATION OF
RESERVE STOCKS SHALL PROCEED AS PROVIDED FOR IN SUB-
PARAGRAPH (A).

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 GENEVA 03997 05 OF 06 151528Z
ACTION EB-08

INFO OCT-01 IO-13 ISO-00 OIC-02 AF-10 ARA-10 EA-10
EUR-12 NEA-10 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 USIE-00 INRE-00 AGRE-00 CEA-01 COME-00
FRB-03 H-01 INR-10 L-03 LAB-04 PA-01 CTME-00
AID-05 SS-15 STR-07 ITC-01 TRSE-00 SP-02 OMB-01
STRE-00 /130 W

-----120127 151555Z /40

O 151429Z MAR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC NIACT IMMEDIATE 7216

LIMITED OFFICIAL USE SECTION 05 OF 06 GENEVA 03997

PASS ELECTRONICALLY AGRICULTURE FOR HATHAWAY AND STR
FOR STARKEY

(D) ALL MEMBERS OF THE COUNCIL SHALL BE INFORMED AS SOON
AS POSSIBLE OF THE DECISIONS AND RECOMMENDATIONS OF THE
MARKET REVIEW COMMITTEE.

(E) ANY DECISION REACHED BY THE MARKET REVIEW COMMITTEE
IN ACCORDANCE WITH THIS PARAGRAPH SHALL BE SUBJECT TO
REVIEW BY THE COUNCIL AT THE REQUEST OF AT LEAST 10 PER
CENT OF THE VOTES OF EITHER EXPORTING OR IMPORTING
MEMBERS MADE WITHIN A PERIOD WHICH THE COUNCIL SHALL PRE-
SCRIBE. ANY DECISION IN RESPECT OF WHICH SUCH A REQUEST
HAS BEEN MADE SHALL NEVERTHELESS BE BINDING UNLESS THE
COUNCIL SHOULD REVERSE IT.

(3) WHENEVER THE PRICE INDICATOR RISES ABOVE THE SECOND
FALLING PRICE ACTION POINT FOR 10 CONSECUTIVE MARKET DAYS
AFTER THE LOW PRICE DECLARATION HAS BEEN MADE, THE
EXECUTIVE SECRETARY SHALL TERMINATE THAT DECLARATION AND

SHALL IMMEDIATELY NOTIFY ALL MEMBERS OF THE COUNCIL TO
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 03997 05 OF 06 151528Z

THAT EFFECT.

(4) WHENEVER THE LOW PRICE DECLARATION HAS BEEN IN EFFECT FOR THREE MONTHS THE MARKET REVIEW COMMITTEE SHALL MEET TO CONSIDER ADDITIONAL MEASURES THAT MIGHT BE TAKEN TO RELIEVE THE LOW PRICE SITUATION. THESE MEASURES SHOULD INCLUDE THE INCREASES IN RESERVE STOCK OBLIGATIONS, INCREASES IN OTHER STOCKS WHICH SHALL BE TEMPORARILY WITHHELD FROM THE MARKET, PRODUCTION RESTRAINTS AND/OR INCREASE IN WHEAT FEEDING IN DEVELOPED COUNTRIES. FURTHERMORE, MEMBERS SHALL REFRAIN FROM USING EXPORT SUBSIDIES OR OTHER DESTABILIZING MEASURES. ANY DECISION REACHED BY THE MARKET REVIEW COMMITTEE IN ACCORDANCE WITH THIS PARAGRAPH SHALL BE SUBJECT TO REVIEW BY THE COUNCIL AT THE REQUEST OF AT LEAST 10 PER CENT OF THE VOTES OF EITHER EXPORTING OR IMPORTING MEMBERS, PROVIDED SUCH A REQUEST IS MADE WITHIN A PERIOD WHICH THE COUNCIL SHALL PRESCRIBE.

OTHER PROVISIONS

EXPORT SUBSIDIES

IF A MEMBER CONSIDERS THAT SERIOUS PREJUDICE TO ITS INTERESTS OR TO OBJECTIVE OF ACHIEVING STABILITY UNDER THIS CONVENTION IS CAUSED OR THREATENED BY THE SUBSIDIZATION OF EXPORTS, THE MEMBER IN WHOSE TERRITORY THE SUBSIDIZATION IS CONFERRED SHALL, UPON REQUEST, DISCUSS WITH ANY OTHER MEMBER CONCERNED OR WITH THE MARKET REVIEW COMMITTEE THE CIRCUMSTANCES SURROUNDING THE GRANTING OF AND THE POSSIBILITY OF LIMITING THE SUBSIDIZATION. WHENEVER THE ISSUE OF SUCH A SUBSIDIZATION IS BEFORE THE MARKET REVIEW COMMITTEE, THE COMMITTEE MAY EXAMINE THE ISSUE AND MAKE ANY RECOMMENDATIONS IT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 03997 05 OF 06 151528Z

DEEMS APPROPRIATE, BEARING IN MIND THE PARTICULAR CIRCUMSTANCES OF THE MEMBER IN WHOSE TERRITORY THE SUBSIDIZATION IS CONFERRED.

EXPORTS OF PRODUCTS FROM THE PRIMARY PROCESSING OF WHEAT

(1) SALES OF PRODUCTS RESULTING FROM THE PRIMARY PROCESSING OF WHEAT SHALL BE MADE AT PRICES CONSISTENT

WITH THOSE FOR WHEAT.

(2) IF ONE OR MORE MEMBERS DEEM THAT CERTAIN PRACTICES IN THE FIELD OF INTERNATIONAL TRADE HAVE IN CERTAIN CASES DISTORTED THE CONSISTENCY WHICH MUST EXIST BETWEEN THE PRICES FOR WHEAT AND THE PRICES OF PRODUCTS RESULTING FROM ITS PRIMARY PROCESSING, AND CONSIDER THAT THEIR INTERESTS HAVE BEEN SERIOUSLY HURT BY THESE PRACTICES, THEY MAY ASK FOR CONSULTATIONS WITH THE MEMBER OR MEMBERS CONCERNED.

(3) THE COUNCIL, IN CO-OPERATION WITH MEMBERS, SHALL CARRY OUT STUDIES OF THE PRICES OF WHEAT FLOUR IN RELATION TO THE PRICES OF WHEAT, TAKING ACCOUNT OF SUCH MATTERS AS MILLING MARGINS, FISCAL DUTIES AND EXPORT REFUNDS.

RELIEF FROM OBLIGATIONS #

(1) THE COUNCIL MAY, BY TWO-THIRDS OF THE VOTES CAST BY THE EXPORTING MEMBERS AND TWO-THIRDS OF THE VOTES CAST BY THE IMPORTING MEMBERS, RELIEVE A MEMBER OF AN OBLIGATION UNDER THE AGREEMENT IF IT IS SATISFIED BY AN EXPLANATION FROM THAT MEMBER THAT SUCH RELIEF MAY BE JUSTIFIABLE FOR ANY OF THE FOLLOWING REASONS:

(A) SERIOUS DOMESTIC PRODUCTION SHORTFALL AFFECTING THE A COUNTRY'S ABILITY TO ACCUMULATE ITS RESERVE STOCKS, A LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 GENEVA 03997 05 OF 06 151528Z

AS PROVIDED FOR IN ARTICLE 12 OF THIS CONVENTION.

(B) EXCEPTIONAL OR EMERGENCY CIRCUMSTANCES NOT EXPRESSLY

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 GENEVA 03997 06 OF 06 151530Z

ACTION EB-08

INFO OCT-01 IO-13 ISO-00 OIC-02 AF-10 ARA-10 EA-10
EUR-12 NEA-10 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 USIE-00 INRE-00 AGRE-00 CEA-01 COME-00

FRB-03 H-01 INR-10 L-03 LAB-04 PA-01 CTME-00
AID-05 SS-15 STR-07 ITC-01 TRSE-00 SP-02 OMB-01
STRE-00 /130 W

-----120176 151556Z /40

O 151429Z MAR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC NIACT IMMEDIATE 7217

LIMITED OFFICIAL USE SECTION 06 OF 06 GENEVA 03997

PASS ELECTRONICALLY AGRICULTURE FOR HATHAWAY AND STR
FOR STARKEY

PROVIDED FOR IN THIS CONVENTION.

(2) THE COUNCIL, IN GRANTING RELIEF TO A MEMBER UNDER THE
TERMS OF PARAGRAPH (1) OF THIS ARTICLE, SHALL STATE
EXPLICITLY THE TERMS AND CONDITIONS ON WHICH, AND THE
PERIOD FOR WHICH, THE MEMBER IS RELIEVED OF SUCH OBLIGA-
TION, AND THE REASONS FOR WHICH THE RELIEF IS GRANTED.

SPECIAL PROVISIONS RELATING TO DEVELOPING COUNTRIES

(1) TO THE EXTENT THAT SOME DEVELOPING COUNTRIES REQUIRE
ASSISTANCE TO MEET RESERVE STOCK OBLIGATIONS,
THE COUNCIL SHALL COORDINATE CONSULTATIONS BETWEEN
ITS MEMBERS AND CONCERNED INTERNATIONAL AGENCIES TO
DEVELOP SPECIFIC ASSISTANCE PROGRAMMES. THE PROGRAMMES

THERE MAY BE A NEED FOR A FOOTNOTE TO PRO-
VIDE RELIEF FROM STOCKHOLDING IN PARTICULAR CIRCUMSTANCES
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 03997 06 OF 06 151530Z

FOR MEMBERS WITH SIGNIFICANT CROP SHORTFALLS.
SHOULD ADDRESS THE DEVELOPING MEMBER'S NEED IN ACCUMULAT-
ING THEIR RESERVE OBLIGATIONS UNDER THIS CONVENTION.

(2) FINANCIAL AND TECHNICAL ASSISTANCE WILL BE NEEDED BY
THE DEVELOPING COUNTRIES FOR THE PURPOSE OF CREATING
SUITABLE STORAGE CAPACITY FOR HOLDING THE RESERVE STOCKS
AND FOR MAINTAINING THEM IN SUITABLE CONDITION; SUCH
ASSISTANCE MAY BE PROVIDED BY INTERNATIONAL AGENCIES
OR THROUGH BILATERAL ASSISTANCE, BY WAY OF GRANT OR LOANS.
END TEXT.

3. SEPARATE CABLES TO FOLLOW 1) PROVIDING ADDITIONAL
BACKGROUND ON CANADIAN PAPER AND 2) SEEKING INSTRUCTIONS
ON U.S. POSITION VIZ POSSIBLE EXTENSION OF CURRENT
AGREEMENT. VANDEN HEUVEL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WHEAT, AGREEMENT DRAFT
Control Number: n/a
Copy: SINGLE
Draft Date: 15 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA03997
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780115-0508
Format: TEL
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780367/aaaacemn.tcl
Line Count: 764
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 245acec6-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 14
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3327858
Secure: OPEN
Status: NATIVE
Subject: WHEAT CONFERENCE - NEW CANADIAN DRAFT
TAGS: ETRD, EAGR, OCON
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/245acec6-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014